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THE ATLANTA ECONOMIC REVIEW

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Authors and Articles

E. T. EGGERS

"Second Injuries and the Second Injury Fund"

Most states are now making some attempt to solve the problem which employers have felt tended to prohibit their employment of the handicapped. Industry's concern has been chiefly that a second injury might enhance what would be the normal injury compensation—perhaps even to total disability indemnity. Some employers feel also that the physically handicapped are accident prone.

The author discusses the "second injury fund," which operates within the framework of the workmen's compensation. This fund not only is a means by which full compensation is received by the handicapped worker who incurs a second handicap, but it is a medium by which the employer's liability is limited to the disability caused by the second injury.

Dr. Eggers is Professor of Management, School of Business Administration of Georgia State College of Business Administration.

L. O. HITE

"The Management Forum—The Consulting Field: A Resource of Skills and Experience for Growing Business"

The use of a consultant is often the answer to many of the problems of the small business—problems involving specific skills, which the larger organization may be able to solve by employing full-time specialists. The consultant serves as an advisor to management on matters falling within his special field. Dr. Hite makes suggestions as to how the consultant's services may be used most wisely, avoiding misunderstandings, pitfalls, and undesirable situations.

The author is a consultant to business and industry in Atlanta and is on the adjunct faculty of the School of Business Administration of Georgia State College of Business Administration.

A. K. STEIGERWALT

"Business History in Academic Curricula: Central or Peripheral?"

The first article of the series on business histories appeared in last month's *Economic Review* and was concerned

with the definition and origin of the business history. Dr. Steigerwalt, in the second in the series, points out the many advantages of history-orientation of education for the business leader. He stresses the need for the business history course to be given in the business school so that it may retain its proper perspective relative to the functional fields of business administration.

Dr. Steigerwalt is Associate Professor of Business History, School of Business Administration, University of Michigan.

HUGH W. SARGENT

"The Influence of Consumer-Product Testing and Rating Organizations on the Consumer's Buying Behavior"

Communication with the ultimate consumer in order to influence his decision to purchase, and to purchase a particular product, is the essence of salesmanship, and many methods are practiced. Consideration of consumer behavior, then, is a requisite of all marketing plans. The prospective customer may obtain information on products and brands from many sources. Dr. Sargent's study is an investigation of the extent to which consumer-product testing and rating organizations (Consumer Research and Consumers Union) influence the buying patterns of households. The author takes into account certain mass communications principles and concepts as he analyzes the buying behavior of those who consult the reports and guides published by these agencies.

The author is Associate Professor, College of Journalism and Communications, University of Illinois.

OTTIS K. McMAHON

"Essentials in Executive Growth"

Dr. McMahon points out that, for an individual to grow in an executive capacity, an emotional and behavioral transition must take place, and certain characteristics must prevail. Among these are: intellectual effectiveness, including decision-making; emotional stability; skill in human relations; ability to delegate authority; and a real concern for others.

The author is a partner in the firm of Rohrer, Hibler & Replogle, Atlanta.

THE ATLANTA ECONOMIC REVIEW

Second Injuries and the Second Injury Fund

E. T. Eggers

An important obstacle to the employment of physically handicapped people in American industry is the fear of second injuries and the belief that workmen's compensation costs would rise because of hiring the disabled. For example, a study was conducted in 1955 in which employers in thirty-four states and Alaska participated. More than eighty per cent of the returns cited fear by employers that workmen's compensation rates would go up if the handicapped were hired.¹ However, the phase of workmen's compensation dealing with second injuries and the use of a second injury fund has advanced well beyond the pioneering stage, and employers' fears concerning additional compensation costs because of second injuries are often without a sound basis.

A worker who has a physical handicap is at a great disadvantage because of employers' fears of increased compensation costs should that worker incur another accident. For example, if an employee has suffered a pre-existing loss of an arm and loses his other arm while employed, he would subject his employer to compensation for total disability. On the other hand, the worker would be at a serious disadvantage if he receives compensation for the second injury only, because his working capacity has been completely destroyed. This increased liability to employers because of pre-existing handicaps has long been a controversial issue. The con-

troversy, however, arises largely because of a lack of knowledge or information regarding the protection given under workmen's compensation laws. A "realistic" approach to the problem has placed emphasis on the establishment of second injury funds.

Second injury funds are special funds which operate within the framework of workmen's compensation. Under such legislation a physically handicapped worker who incurs a second handicap is entitled to full compensation benefits. However, the employer is protected in that he is liable only for the disability caused by the second injury. The difference is paid from the fund.

LEGISLATION COVERING THE SECOND INJURY FUND

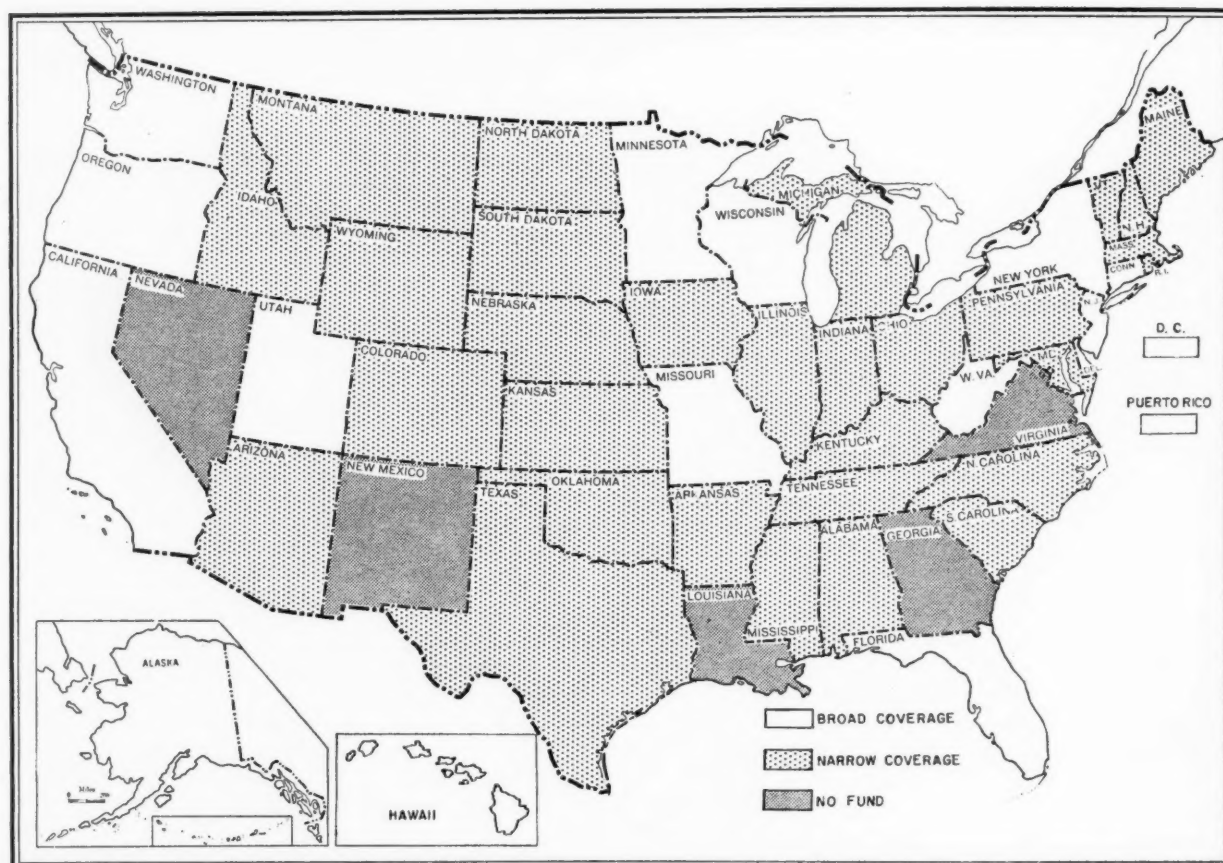
In 1916, New York became the first state to adopt a second injury fund law. This measure provided that if a worker with one hand, arm, foot, leg, or eye incurred permanent total disability through the loss of another member or organ he would receive compensation for total disability. However, the employer was responsible only for the second loss. Five states—Minnesota, North Dakota, Ohio, Utah, and Wisconsin—followed New York almost immediately and established second injury funds.²

¹ Employer Resistance to Hiring the Handicapped (Washington: President's Committee on Employment of the Physically Handicapped, 1956), p. 3.

² Second Injury Funds—Standards and Patterns in State Legislation (Washington: U. S. Department of Labor, Bureau of Labor Standards, 1937), Bulletin 190, p. 7.

STATE WORKMEN'S COMPENSATION LAWS

Coverage Under Second or Subsequent Injury Funds



Source: U. S. Department of Labor, Bureau of Labor Standards, A. W. Motley, Director.

Nevertheless, during the 1920's and 1930's only seven states passed second injury fund laws.³ With the advent of World War II, greater emphasis was placed on this type of legislation and many additional states provided this protection to physically handicapped employees. Second injury fund coverage now exists in all states except five⁴—Georgia, Louisiana, Nevada, New Mexico, and Virginia.

Provisions of the Legislation

The various state and territorial laws vary greatly as to coverage, source of funds, liability of employers, employee waivers, and other matters. It is not the intent here to give full provisions of the individual laws but rather to present a brief picture

of some of the important aspects dealing with the second injury fund.⁵

Coverage. Twenty-one states have legislation providing coverage only for employees who have pre-existing permanent and total loss of use of hand, arm, foot, leg, or eye, and who, as a result of an accident arising out of and in the course of employment sustain permanent total disability by the loss of another member or organ. Thus, these laws are quite comparable to the first second injury fund law passed by New York in 1916.

Of the forty-seven second-injury jurisdictions, fifteen⁶ cover any previous permanent disability

³ These states were Arkansas, Idaho, Illinois, Massachusetts, New Jersey, North Carolina, and South Carolina.

⁴ Five of the ten Canadian provinces—Alberta, British Columbia, Manitoba, Newfoundland, and Ontario—also have second injury funds.

⁵ For details, see *Second Injury Funds*, op. cit., and *State Workmen's Compensation Laws* (Washington: U. S. Department of Labor, Bureau of Labor Standards, 1957), Bulletin 161 (rev.), pp. 53-68.

⁶ These jurisdictions are Alaska, California, Delaware, District of Columbia, Florida, Hawaii, Minnesota, Missouri, New Jersey, New York, Puerto Rico, Utah, Washington, West Virginia, and Wisconsin.

without limitations as to type or cause. However, in nine of these jurisdictions, the law requires that the second injury must result in permanent total disability when combined with the first injury.⁷

The ten remaining states have laws which vary, but none of them provides broad coverage. Of this group, Ohio has perhaps the most lenient law; prior disabilities are specifically named, but coverage includes a number of handicaps which are usually excluded—epilepsy, diabetes, cardiac diseases, arthritis, poliomyelitis, cerebral palsy, and multiple sclerosis. Three states (Massachusetts, North Carolina, and South Carolina) provide broader coverage for war veterans than for nonveterans. Ohio and Kentucky also make a distinction between veterans and nonveterans in the event injury resulted from disease incurred while the employee was in the armed forces during a time when the country was at war.

In only five cases do the second injury fund laws have provisions for relieving employers from partial or total liability in situations in which pre-existing injuries contribute to the death of an employee upon the occurrence of a second injury. Such coverage is found in the laws of Florida, Massachusetts, New York, Ohio, and Rhode Island.

Financing the second injury funds. The purpose of the second injury fund is not to relieve employers from all liability when second injuries occur to employees. Its purpose is to make up the difference between compensation paid by the employer for a second injury and the total compensation due the disabled worker. Financing methods differ under the various jurisdictional laws.

Fifteen jurisdictions finance their second injury funds entirely by the "no-dependency" methods. That is, employers must pay the fund a certain amount of money when their employees are killed on the job and leave no dependents. Eight other jurisdictions employ this method in conjunction with some other method such as annual assessments against insurance carriers. The "no-dependency" death payment is the most common method used. The amount paid into the fund is usually a flat rate ranging from \$300 in Maine to \$2,200 in Utah.

Eight states finance the second injury fund program entirely by annual assessments on workmen's compensation insurance carriers, and six jurisdictions have their own state insurance systems from whose funds benefits are paid for second injuries. Examples of methods used in other states are financing the fund with public money (California and Pennsylvania), direct employee payments into the fund (Oklahoma), and requiring employers to make payments in certain disability cases (Idaho and Wisconsin).

⁷ Alaska, Delaware, District of Columbia, Hawaii, Minnesota, New Jersey, Puerto Rico, Washington, and West Virginia.

Employer Waivers of Compensation Rights. Arrangements to allow the waiver of compensation rights were conceived as an aid to physically handicapped workers who were willing to forego such benefits in exchange for a benefit of more immediate value—employment. Although restricted or prohibited in most jurisdictions, the laws of a few states allow an individual with an existing handicap to waive his right to compensation should he incur a second handicap. Permission for such waivers in certain cases is granted under the laws of Connecticut, Illinois, Iowa, Maine, Maryland, Massachusetts, New Hampshire, New Mexico, Ohio, and Wisconsin. Sixteen other states allow compensation waivers for aggravation of certain occupational diseases.

Furthermore eleven states⁸ have legislation under which either the employer or the employee may elect not to be covered by workmen's compensation. Coverage for employers is required but employees may reject the act in the additional states of Arizona and New Hampshire.

Comment on Legislation.

Even though most states and jurisdictions have adopted laws providing for second injury funds, much remains to be done. Many of the laws are very restrictive as to the types of injuries covered, and most employees with permanent physical handicaps have no protection under them. Lack of publicity regarding the funds in many jurisdictions has resulted in ignorance on the part of employers and employees, and many of the funds are almost inactive. For example, during the fiscal year 1955-1956, there were at least nine jurisdictions in which no claimant received benefits from the fund. And in sixteen jurisdictions there were no new claims filed against the fund.

Lack of knowledge of the protection afforded employees by the second injury fund laws is further pointed up by the fact that there is a wide-spread fear among employers that increased compensation liability will result from hiring the physically impaired.⁹ This fear persists in spite of the fact that insurance companies have done much to emphasize the fact that premiums are no higher because of a practice of hiring the handicapped. For example, the Association of Casualty and Surety Companies has stated:

Let this be understood—there is no provision in workmen's compensation insurance policies or rates that penalizes an employer for hiring handicapped workers. Workmen's compensation rates are determined by two factors. These are the relative hazards in a company's work and its accident experience. Whether a company is staffed with workers having two legs apiece or one or none—influences the rates not at all.¹⁰

⁸ These states are Alabama, Florida, Kentucky, Louisiana, Missouri, Montana, Nebraska, New Jersey, New Mexico, Pennsylvania, and West Virginia.

⁹ *Employer Resistance to Hiring the Handicapped*, op. cit., p. 3. See also: *Report of the Task Force on the Handicapped—Summary* (Washington: Office of Defense Mobilization, 1952), p. 8.

¹⁰ *The Physically Impaired can be Insured without Penalty* (New York: Association of Casualty and Surety Companies, n.d.), pp. 2-3.

Another objection raised by employers to justify their refusal to hire the physically handicapped is accident proneness. This becomes an important aspect because so many jurisdictions have second injury fund laws which are too limited in scope and which are very vague in defining coverage. The fear that physically handicapped workers are more accident prone than are the nonhandicapped is not based on fact. Dr. Kessler, for example, reports that of 3,376 cases in his experience, only 12 had second injuries.¹¹ In a period of twenty-five years (1919-1944) of operation of its second injury fund, New York disclosed only 185 such cases.¹² Less than one per cent of the funds paid out on workmen's compensation benefits went for second injury fund awards in Illinois in 1954 and 1955.¹³ Thus, from the standpoint of frequency of occurrence, second injuries are relatively few.

A major flaw of many of the second injury fund laws relates to the definition of the pre-existing conditions upon which second injuries may be assumed. They need be less restrictive in coverage. For example, congenital and organic disabilities should be included; an occupational disease such as silicosis presents as great a barrier to employment as does an amputated foot that resulted from an industrial accident. The problem of "extent of disability" also needs clarification in the laws of many jurisdictions. By way of illustration, a number of jurisdictions (Alaska, District of Columbia, Minnesota, New Jersey, and Utah) define prior disability by such terms as "any previous disability" or "permanent partial disability."

In twenty-two states the second injury fund laws pertain only to employees with pre-existing permanent loss of hand, arm, foot, leg, or eye; such laws are woefully inadequate in coverage. Handicaps of these types probably represent a very small percentage of the total. It has been stated that less than one per cent of the war veterans who receive disability compensation from the Veterans' Administration have lost a limb or an eye.¹⁴ It appears hardly likely that this percentage would be substantially greater among the handicapped civilian population.

A law that is too narrow does not meet the need for a second injury provision from the point of view of either the employer or the employee. However, administrative difficulties interfering with the proper function of workmen's compensation as a whole will result from laws that are too broad and inclusive. Pre-existing handicaps covered in the

laws should be of such nature that they offer a definite obstacle to employment; trivial impairments should be excluded.¹⁵

Undesirable also are the clauses of workmen's compensation laws which permit employee waivers of compensation rights. Such permission removes the protection from the very workers who may need it most. A basic fundamental of workmen's compensation is that an injured worker has a right to certain financial benefits, and an employer who wishes to avoid the workmen's compensation law can usually find "something wrong" with a job applicant and, thus, encourage him to sign away his compensation rights. An example of what can happen in this connection took place in Iowa shortly after the legislature inserted a waiver clause in the workmen's compensation law. There were hundreds of waivers within a year, and they included, "... everything from loss of limbs, vision and hearing, to fallen arches, infected teeth, stiff fingers, and other potential disabilities."¹⁶ Another argument against the use of employee waivers is that they promote disagreement and litigation.

Second injury fund laws, properly conceived and administered, facilitate the acceptance of physically handicapped workers, and the obstacle of "increased compensation costs" from second injuries is gradually being overcome. Perhaps the most liberal second injury fund law is that of New York, and there appears to be less concern among employers in that state regarding the hiring of the physically handicapped than that found among employers in most other states.¹⁷ Vocational rehabilitation takes a toll of millions of dollars each year from the federal and state governments; the major objective is to make self-supporting citizens out of public charges. Second injury fund laws can help immeasurably in reaching this objective.

SURVEY OF METROPOLITAN ATLANTA INDUSTRY

The author made a study in Metropolitan Atlanta in order to try to determine the attitudes and opinions of employers regarding the desirability of a second injury fund in Georgia. The survey area consisted of four counties with a total nonagricultural employment figure of 347,275 when the study was made. There were 86,200 employed in manufacturing. Chosen for the study was one large firm, in terms of employment, in each cate-

¹¹ Henry H. Kessler, *Rehabilitation of the Physically Handicapped* (New York: Columbia University Press, 1953), p. 21.

¹² Clark D. Bridges, *Job Placement of the Physically Handicapped* (New York: McGraw-Hill Book Company, Inc., 1946), p. 11.

¹³ George H. Moloney, in *Employer Roundtable* (Washington: President's Committee on Employment of the Physically Handicapped, 1955), p. 12.

¹⁴ Millard W. Rice, in *Minutes of the Annual Meeting, 1956* (Washington: President's Committee on Employment of the Physically Handicapped, 1956), p. 47.

¹⁵ One example (Theodore M. Schwartz, in *ibid.*, p. 45) was of a case which came before the New York courts. A woman employee had a pre-existing loss of a little finger, and she subsequently suffered the loss of her other hand. The courts held the pre-existing handicap was not one which constituted a hazard to employment; therefore, the second injury law did not apply.

¹⁶ *Second Injury Funds*, op. cit., p. 29.

¹⁷ Schwartz, op. cit., p. 44.

gory of manufacturing enterprises as classified by the state Department of Labor. The total number of workers employed by these companies during the survey period was 17,184 representing about twenty per cent of the average total workers employed in manufacturing in the area.

Employers' Opinions Concerning a Second Injury Fund In Georgia

Of the fifteen firms surveyed, only one did not favor a change in the state workmen's compensation laws to include a second injury fund. At this company, the personnel director had worked in personnel administration jobs in two other states. He opposed a second injury fund in Georgia because of his experience in those two states which have such funds. His opposition was a bit vague, but he seemed to feel that the legislation was too broad and inclusive.

Spokesmen for the remaining fourteen concerns favored the establishment of a second injury fund. Said the personnel director of one company, "The lack of such a fund is one of the main reasons for not hiring the handicapped now." The personnel manager at another company pointed out that any state desiring new industry should have a second injury fund law and that such a law would offer inducement to move into Georgia. Typical of the comments was one made by an official of a bakery goods company who said that such a measure "... would facilitate the useful employment of people."

The effect of the fund on the employment of the handicapped. Five of the fifteen companies said that a second injury fund law in the state would not alter their attitude and approach toward hiring physically-handicapped job applicants. However, a company spokesman at one of these five concerns stated that such a measure would cause the company's attitude toward regular employees who become handicapped to be "somewhat better." A top official of another company in this group said it would be "... a little less concerned at taking smaller risks." At least three of the companies felt that they did not have jobs "suitable" for the physically handicapped.

All of the remaining ten organizations in the survey indicated that they would be more inclined to hire physically handicapped job applicants if they had the protection of a second injury fund law.

Second Injuries in the Companies Investigated

When this survey of fifteen companies was conducted, there was a total of 17,148 employees in these companies, of whom 1,287 were physically handicapped. It is significant that there had not been a single second injury among these companies' employees during the twelve months prior to the investigation.

Conclusions Based on the Survey

Two conclusions concerning second injuries resulted from this investigation. The first conclusion

is that industrial organizations in the geographical area fear that they may be held liable for total disability of employees who suffer a second injury, and they are therefore reluctant to hire the physically handicapped. This fear is pointed up by the fact that all companies with one exception favored a second injury law in the state to relieve them of this responsibility; ten of the companies said they would be more inclined to hire the physically impaired if they had the protection of a second injury fund. Furthermore, one third of the firms expressed a belief that physically handicapped employees are more accident-prone than are the able-bodied.

The second conclusion derived from this study is that the probability of large numbers of second injuries is very remote—a finding which bears out other statistical evidence.

A SECOND INJURY FUND LAW FOR GEORGIA

Georgia is one of five states which do not have a second injury fund. Early in 1958 a bill, H. B. No. 688, to establish such a fund was introduced in the General Assembly of Georgia. However, it did not get past the investigating subcommittee.

The bill, as it was conceived, would have covered employees with pre-existing permanent physical impairment "from any cause or origin. . . ." Each employer was to pay \$2000 into the fund upon the death of one of his employees when the death resulted from an employment injury and the deceased left no dependents entitled to compensation. Each employer was also to contribute annually to the fund one per cent of the gross premiums of workmen's compensation insurance written or renewed during the preceding calendar year. A similar stipulation applied to self-insurers.

This bill appeared to be favored by major organized labor groups, but it was opposed by some representatives of manufacturing concerns in the state. Two important objections were raised against the bill. One was the fact that the fund was to be supplied by employers. Some individuals appearing before the subcommittee also argued that there was little need for such a fund because Georgia had led all other states for three years in rehabilitating and placing physically handicapped workers.

The investigation described in this article seems to indicate that industry representatives are not opposed to a second injury fund law *per se*. The opposition appears, rather, to stem largely from the added financial burden which H.B. No. 688 would have imposed upon the industrial concerns. Perhaps in the future a bill with broad coverage and one that would be acceptable to all major groups concerned can be worked out and become a part of the law in the State of Georgia.

THE MANAGEMENT FORUM



The Consulting Field:

A Resource of Skills and Experience for Growing Business

The consultant serves as an employee of the firm.

Proper selection of the consultant, preparatory planning, and mutual understanding will lead to a harmonious consultant-client relationship and satisfactory service.

From the viewpoint of management, a most striking and oftentimes perplexing aspect of business and industry as it exists today is the increasing diversification of technical skills, knowledge, and experience necessary to run an organization which aspires either to growth or merely to compete successfully. Executives, who over the years have observed the kaleidoscopic development of technical processes and the whole of scientific management procedures which have led to this situation, now find themselves operating primarily as coordinators, leaders, and planners, with their former technical responsibilities delegated to subordinates. The college education of a few years back is now clearly outdated, at least with respect to content, and the newly trained must therefore be relied upon to provide skills and knowledge of recent development. Secondly, the depth and scope of new equipment, skills, and knowledge which the organization must now incorporate into its operation are beyond comprehension in detail by any one human being, regardless of his training, experience, or mental powers. Third, as a result of a competitive economy, the jobs of planning, coordinating, and setting policy have in themselves become of top priority in any enterprise and thus will demand the primary concern of those in the top positions.

The executive has of necessity come to rely more and more on specialists for up-to-date technical skills and experience necessary to implement programs and objectives which he hopes to attain. In extremely large organizations, obtaining these specific skills will usually pose no problem, since, if

they are not available within the organization, employment of full-time specialists to carry out a program can be justified. However, no such simple solution is available to the smaller organization; to gain access to specialists it has increasingly turned to consultants.

The Rise of Consulting

In essence, the consultant offers a specialized service, usually for a given length of time, and is employed for a highly specific purpose; from his viewpoint, he operates as a part-time staff member for several firms rather than as a full-time member of any one firm. While not new in the sense that business has always sought "consulting" services in such fields as law and accounting, it has been of only comparative recency that services have been made available in such areas as training of personnel, methods engineering, work incentives, market research, and automation, to name but a few. Actually, it would not be far from the truth to state that consulting services are available today in every phase of every field of business and industry.

An increasing number of companies are drawing upon this source of knowledge and experience, usually, but not always, with satisfactory results. In most cases, those companies which have derived the greatest benefits are those experienced in working with consultants. However, the situation is highly unusual in which satisfaction can be guaranteed by a consultant. In most cases of dissatisfaction, resulting in waste of time, money, and effort, the cause(s) can be traced readily to misunderstandings and improper planning somewhere along the line in the course of the consultant-client relationship.

When and Where a Consultant Will be of Help

The consultant is not a panacea for all ills of the

Note: This article is one of a series arranged by Dr. James E. Chapman, Professor of Management and Chairman of the Department of Management, School of Business Administration, Georgia State College of Business Administration.

business; rather, he is an employee of and adviser to management on matters which fall within the scope of his training and experience. In general, a consultant is needed when problems arise which demand: specialized training and experience if a satisfactory solution is to be realized; an objective and unbiased viewpoint based on experience gained from working with other companies; and more time than is available as a result of present company staff commitments.

Which Consultant to Use

During the past few years, the growth in number and size of consulting firms has been tremendous. As a result, the company in the market for this type service will ordinarily have wide latitude of choice, a situation which should be exploited. In choosing a consultant, a most desirable procedure, obvious but often overlooked, is to contact past employers of the prospective consulting firm(s), preferably those for whom work has been done similar to that under consideration. This reasoning is based on the fact that past efforts are the best criterion of future work. Reputable firms welcome such inquiries and have no hesitation about providing reference companies for which they have worked; in fact, the consultant's best recommendation is past performance. This reasoning and procedure can be extended to individuals within the consulting firm who will actually do the proposed work, since there is considerable variation between and within firms in terms of qualifications of personnel. Certainly it is good business and within the province of the employer to satisfy himself in regard to the character, skills, and experience of a prospective employee, which is the status of the consultant. It is good also for future consultant-client relations.

Once evidence of satisfactory competence in the proposed work area has been established on the part of the consultant(s) selected for consideration, attention is then turned to specifics of the work to be done.

How to Set the Problem or Project

There is no doubt but that the most frequent causes of dissatisfaction in client-consultant relationships have arisen from vagueness or lack of prior and mutual understanding in regard to the nature and extent of the consultant's services. As a consequence, the client should always define his objectives, problems, or projects as clearly as possible and present them to the consultant prior to any commitment. The latter should then develop a "proposal," in writing, presenting his analysis of the situation and including a detailed accounting of how he proposes to proceed, time schedule, costs involved, and the objectives to be attained. In this way, not only are misunderstandings avoided but, in addition, the client is in a better position to evaluate the benefits to be accrued from the undertaking and will gain the confidence which accompanies in-

formation. If several consultants are considered, proposals may be requested from each and used as a further basis for comparison.

Work is ready to begin only when both parties accept and understand thoroughly all aspects of the proposal.

How to Work with the Consultant

Needless to say, the consultant must work with and have the backing of top management if his efforts are to be of maximum effectiveness. At the same time, steps should be taken to facilitate his acceptance by company personnel who resist change or who are skeptical of outsiders or "experts." Ordinarily, this is done by first having a member of top management explain the need for and the nature of the proposed program to company personnel affected. Second, company personnel should be encouraged to participate in the program in every way practical and to the fullest extent, since familiarity promotes acceptance and lessens apprehension. Valuable training of company personnel becomes an important by-product.

Extending this line of thought, there are two basic approaches to the use of a consultant. One is to turn the project, part and parcel, over to the consultant who supplies all personnel and effort needed for its completion and in the end presents management with a "package" program or report of findings. The second is to plan the program so that company personnel may be used to a varying extent, depending upon their availability and the nature of the work. Ordinarily, this second approach will extend the time involved but will yield superior results on a "value received" basis. In addition to the training value and the promotion of acceptance of the consultant's services among company personnel, this second approach serves to:

- a. lessen expense to the company, since in most cases some routine work will be involved which can be done more economically by company employees already familiar with company files, equipment, procedures, and personnel;
- b. utilize experience of company personnel already versed in the idiosyncrasies, precedents, and practices of the particular industry; and
- c. facilitate follow-up and solution of any subsequent difficulties by virtue of interpersonal relationships established through co-operative efforts of consultant and client company personnel.

Management should, of course, be kept informed as to the progress of the consultant's work. Periodic reports are a basic responsibility of the consultant and may be written or verbal. Once the consultant's work is completed, it is then the responsibility of management to satisfy itself in regard to specific details, methods of implementation, and provision for follow-up if such is needed and if not done previously. Most consultants and most companies prefer subsequent conferences at intervals for this purpose. In practice, it will be found that it is often advantageous to utilize the consultant's services further on a retainer basis in order to assure continuity of a newly established program and to assure that it operates at maximum effectiveness.

THE BUSINESS HISTORY

II. Business History in Academic Curricula: Central or Peripheral

A. K. Steigerwalt

AN HISTORICAL PERSPECTIVE FOR BUSINESS LEADERS

At a time when the demand for responsible, competent, and imaginative business leadership greatly exceeds the supply, higher education for business is in a state of ferment, criticized from without and seized from within by growing doubts about the appropriateness of the curriculum in general and course offerings in particular. The pressure upon schools of business administration to devise curricula aimed at developing in their students the intellectual and moral as well as the professional skills needed both by society and business has been intensified by the recent publication of two comprehensive studies of collegiate education for business.¹ These competent critics have pointed out the vast gulf "between what society needs and what business schools are offering" and urge that curricula be revised to meet general as well as specific needs for the next generation. Arguing that no business school has grounds for complacency they contend that "Education for business must be a dynamic thing" and that the house of business intellect must be soon put in order. What these critics argue for, in the last analysis, is the kind of curriculum that permits the education of young men and women in the art of organizational skill and the manage-

ment of economic variables in the context of a complex and dynamic society, composed of a variety of institutions, and an almost infinite variety of human beings. They want to develop a kind of perceptive leadership with a "built-in" capacity to make meaningful or productive adjustments to change by relating clearly the new to the old and the past to the present and future. Because change is given in the context of the business career, the businessman needs breadth as well as depth of knowledge, flexibility of mind and a well developed historical perspective.

As these authors have criticized business schools for their failure to produce individuals with a well developed historical perspective, so too have businessmen criticized businessmen for the same inadequacy. James C. Worthy, a Vice-President of Sears-Roebuck and Company and sometime Assistant Secretary of Commerce, has noted that:

American businessmen as a group display remarkably little sense of history—at least so far as business is concerned. This is a curious fact because, with respect to other aspects of their past, the American people, including businessmen, have a well developed historical sense. However, the failure of businessmen to appreciate—indeed even to be aware of—the history of their own institution is potentially dangerous, because no leadership group can survive for long without the sure touch and sense of direction that comes from awareness and knowledge of his own history. What is needed is not preoccupation with the past but a better understanding of how the present evolved out of the past and how the future is in a process of evolving out of the present. The businessman needs a more acute sense of where business is going, and he cannot have that in proper degree without knowing where it has been. Herein lies a particularly critical failure of the schools of business, because the study and teaching of "business" history

¹ See Robert Aaron Gordon and James Edwin Howell, *Higher Education for Business* (New York: Columbia University Press, 1959), and Frank C. Pierson, et al, *The Education of American Businessmen* (New York: McGraw-Hill, 1959).

as distinct from "economic" and "social" history is a comparatively recent and still highly restricted development.²

The authorities cited and the arguments made are not intended to support any proposal that the "new" business school curriculum be history centered, only history oriented. It is not the purpose here to argue that history is superior to marketing or accounting or statistics, but it is argued that business history should be made an important part of the curriculum in order that future businessmen exhibit the degree of historical insight necessary to sustained leadership.

The word "history" generates different reactions in each individual and, although the reader doesn't reveal it, he might react negatively toward history. Were history only concerned with what happened, when it happened, and to whom it happened and had it only an antiquarian bent, the appropriate reaction to the suggestion that we pay more attention to history would be "so what." On the other hand, mature historians practice a craft that can shed a great light of insight not only on the development of American political institutions but also on the development of American business, economic institutions, and ideas. History is primarily method and invokes essentially the comparison and analysis of events or ideas or institutions over time, with the major objective of finding significant relationships or causal factors to explain and to understand the antecedents of the present, the present itself, as well as the nature of man and his institutions. History develops the kind of intellectual orientation that makes the present more meaningful and the future understandable. This is an eminently practical and useful approach to developing in potential business leaders the breadth of knowledge and historical perspective necessary to the flexibility of mind which will enable them maturely to live with the change and uncertainty which are the very essence of the life of the businessman. Recessions, reductions in force, innovations, political upheavals, and significant changes in the climate of opinion in the society in which business exists will not then be used as an excuse by businessmen for pressing "the panic button," for these things will be recognized for what they are. In addition, the historical sense will make more effective the businessman's articulate opposition to facets of public policy which he believes detrimental to business, for he will be able to draw upon evidence and not rhetoric alone. Emotional and superficial reactions to change in society are dangerous and particularly so when these are the reactions of a significant segment of the leadership in society. In addition, the use of the historical approach with its emphasis upon factual research and an incessant pursuit of the truth will add stature to the attempt to raise the

ethical level of business behavior and make intellectual honesty the standard in the profession.

ADAPTATION OF CURRICULA TO NEEDS OF BUSINESSMAN

Any recommendation for change in the orientation or content of courses in business administration will have to be made carefully and in a manner compatible with the primary function of education for business. Although this function has been expressed in a number of different ways, I prefer to urge that professional education for business should be a preparation for social leadership and not merely for technical leadership and that curricula and faculties should be developed to support this objective. To support this proposition let me only cite for you the current "fad" for political activity now seizing the business community. For many different reasons, noble and otherwise, businessmen are venturing into an area so different from the realm which they know so well that our larger corporations are now creating posts for public affairs advisors, mass communications consultants, and hiring many different kinds of specialists in the social sciences to assist them in solving the problem of accommodating the corporation to a changing climate of opinion and to changing institutional patterns in American society. Twenty years ago no one could have seen the emergence of this phenomenon, and neither business schools nor any other schools for that matter can be criticized for failure to prepare the businessman for political activity; but this does serve as evidence that education for business should be broadly based and that, as well as developing an insight into the operation of the business firm in all of its ramifications, the business school student should also be exposed effectively to the nature and direction of American civilization. This is particularly true when it is recognized that business schools have been too eager to take their cue from the business community rather than from their own intellectual convictions based upon a knowledge of and an insight into the needs of business and the needs of American society, of which business, it must be admitted, is a part. As evidence of the "other directedness" rather than "inner-directedness" of business schools, there is a predictably increasing concern in business curricula for political science, not because political science is a valid discipline but because businessmen are now expressing an interest in it, an interest which is assuming epidemic proportions.

Suggestions for Improving Curricula

Specifically, there are probably three ways, if not more, whereby courses and curricula in business administration can be improved in a manner that

² James C. Worthy, "Education for Business Leadership," *Journal of Business*, XXVIII (January, 1955), 78-79.

will assist in making schools of business administration more effective as institutions, and their students more effective as businessmen and as human beings. One way is to relate more effectively than has been done in the past the courses in the curricula to the underlying social science disciplines such as sociology, social psychology, anthropology, and economics. A second way is explicitly to assimilate into business courses the historical method in terms of both institutions and ideas. In the realm of ideas, the writings of outstanding authorities in the functional fields may be studied extensively in the original and the unity or diversity of the thought analyzed with a view to finding the universal element that runs through all writing in the field or the changes and convolutions which have occurred in the major ideas and the surrounding circumstances which explain such change.

Finally, serious consideration should be given to the addition to curricula of a mature course in business history. Probably some readers have a knowledgeable acquaintance with the subject, while many others have only a nodding acquaintance with it. Business history is the study of the origin and development of individual business firms with the emphasis upon policy making, management, and control. It bears the same relationship (or should bear if it is well done) to economic history that microeconomics bears to macroeconomics. This focus upon the individual firm and critical analysis of the evolution of business policy in its social or cultural setting adds another dimension to the training of future businessmen. In addition to focusing upon the individual firm, business history at its best also points out the significant relationships which exist between the business firm and the industry, between industries, and between the business firm and the society in which it exists. The impact of the study of business history is heightened by taking the comparative approach toward business policies at different periods in American history, analyzing the appropriateness or lack of appropriateness of such policies, and attempting to defend either position. It is particularly appropriate that such a course be taught in the business school in order that its focus be consonant with the educational program of the school and to insure that the material used in the course is related in an effective way to the functional fields of business administration.

THE PLACE OF THE BUSINESS HISTORY IN THE CURRICULA

Some expansion of the foregoing position is necessary *vis a vis* the role of business history in business schools curricula. In the first instance, the aca-

demie level of the student body, graduate or undergraduate, will determine the extent to which such a course will fulfill great expectations. At the undergraduate level prior to the senior year, a mature synthesis of the role of business in American history is neither possible nor desirable inasmuch as one of the tools of historical analysis is a knowledge of the functional fields in business administration and policy. Since every man is in life his own historian, the maturity required for historical reflection is such that at the undergraduate level senior status should be a prerequisite. To the proposition that business history be a mature, challenging search for synthesis and understanding offered at the senior or graduate level only, there should be added the policy of requiring all students to elect such a course. Business school faculty should be intellectually convinced that such a course is desirable and implement this conviction in a positive way. To those who would oppose such a proposal, let it be said that elective opportunities on the part of students should be reasonably restricted in professional schools because commitment to a profession should require submission to intellectual discipline of an order not evident in nonprofessional schools. Finally, business history should be taught in schools of business administration rather than as a service course offered by other departments or schools within the university. There are many reasons for this stand, but only the more important ones will be mentioned. A faculty member not professionally committed to business history and to higher education for business is restricted in his influence and interest when he is not a member of the business school faculty. He may, and frequently does, if he is a member of a department of history, deviate from a primary concern for business history because of environmental or personal or even professional considerations. Moreover, coordination and integration of the business history course with the curriculum of the business school is made less effective or more difficult by such intra-university distances, both physical and intellectual. Therefore, the advantages seem to lie in the direction of having business history taught in schools of business administration by professionally-qualified business historians who are committed to the goals of collegiate education for business.

It is believed that the writing and study of business history will help to produce even better businessmen and at the same time improve substantially public understanding of the contributions made by businessmen, past and present, to the greatness we refer to as "American Civilization." As Alfred North Whitehead has noted, "A great society is a society in which its men of business think greatly of their functions."³

³ Alfred North Whitehead, *Adventure of Ideas* (New York: Macmillan Company, 1933), p. 124.

*Professor Sargent's article is based on his recent study, **Consumer-Product Rating Publications and Buying Behavior**. This monograph (85 pages, \$1.50) may be obtained from the Bureau of Economic and Business Research, University of Illinois, Box 658, Station A, Champaign, Illinois. The study undertakes to (1) establish the influence of consumer product-testing and reporting services on the purchasing behavior of households, and (2) relate this influence to audience characteristics.*

The Influence of Consumer-Product Testing and Rating Organizations on

THE CONSUMER'S BUYING BEHAVIOR

Hugh W. Sargent

In the 1930's government economists, market researchers, business executives, and social scientists were preoccupied with analyzing the "consumer movement"; in the period since World War II they have been increasingly preoccupied with "consumer motivation," which is understandable in the light of the high-level prosperity of the postwar period and the improvement in social research techniques for observing the behavior of consumers in the market. In 1952 the Committee for Research on Consumer Attitudes and Behavior was formed, and one important area of investigation identified by the Committee centered on the purchase decisions of households.¹

This article is a brief report on an experimental study concerning, chiefly, the effects of mass communication—the influence on consumers exerted by the published reports of the consumer-product testing and rating organizations: specifically, whether the monthly magazines and the cumulative buying guides published by Consumer Research, Incorporated, of Washington, New Jersey, and by Consumers Union of Mount Vernon, New York, affect the buying behavior of those households which refer to them for advice.

PRINCIPLES OF MASS COMMUNICATIONS

Certain mass communications principles were

¹ One of the first studies sponsored by this group was "A Study of Purchase Decisions," which, it was hoped, would serve as a model for subsequent investigations: George Katona and Eva Mueller, "A Study of Purchase Decisions," *Consumer Behavior*, edited by Lincoln H. Clark (New York: New York University Press, 1954), I, 30-87. This was directed by one of the cofounders of the Committee, Dr. George Katona of the University of Michigan Survey Research Center, whose academic endeavors embrace both economics and psychology. See George Katona, *Psychological Analysis of Economic Behavior* (New York: McGraw-Hill Book Company, 1951) and *The Powerful Consumer* (New York: McGraw-Hill Book Company, 1960).

considered in designing the study. Dr. Wilbur Schramm, well-known analyst, synthesizer, and recorder of communication theory, points out that there are two things one can say with confidence about communication effects. One is that a message is much more likely to succeed if it fits the pattern of understandings, attitudes, values, and goals that a receiver has; or at least if it starts with this pattern and tries to shape it slightly.²

Communications work slowly, if at all, for people believe what they want to believe, and they select those ideas with which they already agree. So it must be with the adherents of the consumer-product reporting publications. The people who pay heed to the advice about brands and makes of consumer goods contained in the monthly reports of the two consumer-product testing organizations believe in and act upon the advice of the *Consumer Research Bulletin* or *Consumers Union Reports* either because they agree with the underlying policies of these publications or because the publications were suggested to them by readers whose opinions they share and respect.

The second thing Schramm says with confidence about communication effects is "that they are resultants of a number of forces, of which the communicator can really control only one."³ The sender can shape his message and can decide when and where to introduce it, but the message is only one of at least four important elements that determine what response occurs. The other three are the situation in which the communication is received, the personality needs of the receiver, and his group relationships and standards.

For these reasons, warns Schramm, it is dangerous to try to predict exactly what will be the effect of any message except the simplest one in the simplest situation. It will be seen then that the message originator can shape his message in accordance with the principles, but having done all in his power to abide by them, he can only "hope" conditions are favorable on the part of the message recipient.

Since magazine editors must constantly sense the pulse of their subscribers if their publications are to prosper, one can infer that the editors of the consumer reporting publications vigilantly study their audiences in order to give them the fare which will attract their attention, be semantically adapted, meet their personality needs, and harmonize with the group values and aspirations of the greatest number of readers.

² Wilbur Schramm, "How Communication Works," *The Process and Effects of Mass Communication*, edited by Wilbur Schramm (Urbana: University of Illinois Press, 1954), p. 16. Schramm illustrates the slow and difficult process of changing attitudes and modifying behavior by introducing his classic analogy of communication messages to drops of calcareous water forming a stalagmite in a cave. Each drop leaves only a tiny residue, yet together all these drops do build the stalagmite, and over the years it changes considerably in size and somewhat in shape. "This is the way our environment drips into us, drop by drop, each drop leaving a little residue, each tending to follow the existing pattern."

³ *Ibid.*, p. 17.

SURVEY PROCEDURE

Communications Analyses

Three kinds of communications analysis were employed in this study. In the first place, the monthly issues of both the *Consumer Research Bulletin* and the *Consumers Union Reports* for the 24-month period preceding this survey were subjected to *content analysis* in order to determine what products had been reported on and what ratings had been assigned by the testing agencies. *Effect analysis* was accomplished by measuring the congruence between brand purchases of the consumer publication adherents and the recommendations and ratings published therein. *Audience analysis* was closely associated with effect analysis in that the social and economic characteristics of the close followers of the consumer magazine ratings were compared with those of occasional and non-followers.

Theoretical Assumptions

In several respects the Katona-Mueller study of purchase decisions⁴ served as an inspiration for this study. In the first place, it is fundamental with Katona that households serve as the unit of investigation. In the second place, Katona assumes that households in the aggregate can be treated statistically as "microeconomic" units to yield valid generalizations. Furthermore, Katona believes that decision is the central topic of his psychological economics. Similarly, theoretical assumptions made in the study follow those of Katona-Mueller—namely, that consumer choice is a function of both enabling conditions and motivational forces, and a display of two types of purchasing behavior: (1) when strong motivational forces are present the consumer indulges in problem-solving—the weighing of alternatives and the thinking about consequences; (2) in the case of routine purchases of inexpensive commodities, he follows habitual learning patterns which have been reinforced by the satisfaction he has had with the purchase.

An unprecedented increase in the purchasing power of United States consumers, with an attendant rise in discretionary buying power for the majority of households, provided the *enabling* force for the "spree" in consumer spending which has taken place since World War II; and a shift in the prevailing American personality type from "inner directed" to "other directed" appears to be the *motivating* force⁵ that has resulted in Americans' placing a greater premium than ever before on expertness in consumption. At the risk of oversimplification it might be said that, in an economy of scarcity, expertness is desirable so that consumers might maximize their incomes through careful spending; in an economy of abundance the consumer is not so much concerned with stretching his income

⁴ Katona and Mueller, *op. cit.*

⁵ The author is indebted to George Katona, *Psychological Analysis of Economic Behavior*, *op. cit.*, for the concepts "enabling" and "motivating."

as with expanding his enjoyment. Regardless of the consumer's motivation (which of course depends upon the enabling circumstances), he needs complete and reliable information about the products and services available to him. This information may come from: (1) past experience with the product; (2) advice of friends, neighbors, or fellow-workers; (3) the manufacturer or distributor, direct (provided by salesmen and dealers) or indirect (as in advertisements); (4) editorial matter; or (5) consumer-product testing and reporting organizations.

Since the motivations of the consuming household vary with the enabling factors in the situation, one would expect to find deliberation taking place (and the seeking of advice from expert sources, such as the consumer reporting publications) when a product is being considered that is:

- (1) new to the household (or to the entire market)
- (2) of relatively high cost (a durable good, such as a refrigerator)
- (3) mechanically or electronically complex, with "hidden qualities" (such as a television set or a camera)
- (4) not considered justified in the household budget
- (5) the result of a change in attitude or goals within the house due to a change in internal or external factors (e.g., changes in life cycle such as birth of a child, marriage of a child, death of spouse; change in living conditions such as promotion, geographical relocation, or change of income outlook due to economic conditions).

On the other hand, little or no genuine deliberation or decision-making behavior is likely to take place when the product is:

- (1) a low-cost, repeated purchase (e.g., grocery staples, household products such as cleansers, soap, or other convenience or impulse items)
- (2) purchased as a matter of urgency or convenience (bread at neighborhood grocery which is open on Sunday, or repairs for a refrigerator which breaks down during a heat wave)
- (3) available at a special price or discount
- (4) one for which brand loyalty is either nonexistent or unimportant (sugar, green vegetables, or thread)
- (5) one in which the purchasing household has no concern—because it is either too poor, too wealthy, or too indifferent (or ignorant)
- (6) one for which decision-making is undesirable or unnecessary because of some other circumstances (such as receiving the product as a gift, or being connected with a family business which handles a particular line or brand).

These, then, would seem to be the most likely motivational factors which govern the degree of deliberation before purchase and the presence or absence of information-seeking activity.

This study assumed that the consumer reporting publications are important sources of information for households which subscribe to them.⁶ The logic here, of course, is that a household which is willing to pay the subscription price of the monthly CR (Consumer Research) *Bulletin* or the CU (Consumers Union) *Reports*, or their annual issues, would make some reference to them prior to purchasing. There is presumably less certainty, of

⁶ The writer, taking a conservative view, defines "subscribers" as those households which not only subscribe to, but definitely state that they have consulted, one of the consumer reporting publications within the period of this study. "Consulters" households are those which do not subscribe to, but have consulted, one of the publications during the period studied.

course, about reliance on the reports by households which may consult but do not subscribe. Professor Eugene R. Beem felt that nonsubscribers who voluntarily sought out advice from the consumer reports for a particular category of purchases were probably guided by the published ratings and advice.⁷

The formal hypotheses which grew out of the foregoing theoretical assumptions will not be presented here since they are discussed in connection with the "Findings."

Research Design

The central purpose of the research design was to find out from households what brands of selected durable goods they had purchased in the twenty-four months preceding the study and what brands of selected nondurable goods they usually bought. Then by comparing brands actually purchased with those recommended in the reports published in the *Consumer Reports* and the *Consumer Research Bulletin* for the same period, an influence of these publications on their readers could be assumed, provided that consistent differences between the brand purchases of readers and nonreaders existed.

It was patent at the outset that if the purchase patterns of households referring to the consumer publications were to be studied, a sample of these households would have to be queried. The basic strategy in the project was to compare subscribing and consulting households with nonconsulting households. Hence, it was desirable to have in the sample approximately the same number of households which did not consult as those which did. The survey was done by questionnaire and six midwestern states (Illinois, Indiana, Iowa, Michigan, Missouri, and Wisconsin) were selected as the sample area.⁸

SUMMARY OF FINDINGS: CONSUMER-PRODUCT REPORTING PUBLICATIONS AND THEIR USES

Influence on Purchasing Patterns

The basic hypothesis of the entire study assumed that those households which subscribe to a consumer-product reporting publication and those households which consult but do not subscribe are guided by the product ratings and buying advice contained in these publications. Evidence was found that the published brand ratings *do have an influence* upon the buying patterns of those households which refer to them.

This finding was further broken down. Since the household which subscribes to a publication may be presumed to have greater access to the reports and to be more strongly motivated to use them, by virtue of willingness to expend the price of subscription,

⁷ Cf. Eugene R. Beem, *Consumer-Financed Testing and Rating Agencies in the United States*, unpublished Doctor's dissertation, University of Pennsylvania, 1951, p. 198.

⁸ The primary reason for this selection was that the author felt that this was a representative area since it included a variety of agricultural and industrial enterprises as well as a good balance among urban, small town, and rural population.

than the "consulting only" household, it was expected that in the majority of cases subscribing households would buy more in accordance with the recommended brand ratings than would the consulting households. The data of this study showed that households which subscribe to these publications follow the recommendations about brands just about as closely as do those households which consult but do not subscribe.

Major-Purchase Decisions

It was further postulated that all of the households which refer to the ratings, subscribers and consultants alike, make more use of them for durable-good purchases than for nondurables. The reasoning behind this was that more problem-solving behavior would be indulged in if a major purchase decision were involved and that many nondurable goods would be purchased in a routine or habitual manner, or on the spur of the moment. It was found that this corollary of the basic hypothesis was substantiated: *all* of the households—both subscribers and consultants—which refer to the ratings and recommendations follow the reports more closely for major than for minor purchases. Thus it is apparent that for approximately 1.1 million⁹ households, and possibly for an additional 1.5 million which borrow copies from libraries, friends, or relatives or have "group subscriptions," these reports have some guidance value.¹⁰

Extent of Shopping Activity

Analysis was made of the shopping habits and socioeconomic characteristics of the report-reading households as compared with those of nonreading families. The second hypothesis stated that when an important buying decision is contemplated and when there is adequate time for investigation, subscribing and consulting households participate in more shopping activity than do nonconsulting households. This postulate was based on the assumption that the motivation to indulge in information-seeking activity is higher in report-reading households, as is evidenced by the fact that they consult the consumer-product reporting publications (among other sources)—in short, that they are alert consumers seeking to maximize their incomes and enjoyment through competent buying decisions. This hypothesis was further based on the assumption that when the purchase is judged an important one, a full-scale investigation of the market takes place. It was established by the survey data that the households which consult the publications as a source of buying information do, on the whole, more shopping around than do the nonconsulting households.

⁹ Based on the monthly subscription figures and newsstand sales of the two publications.

¹⁰ Sylvia Lane, *A Study of Selected Agencies That Evaluate Consumer Goods Qualitatively in the United States*, unpublished Doctor's dissertation, University of Southern California, 1957, p. 225. Professor Lane estimates that about 4 per cent of the U. S. spending units read the *CU Reports* regularly and about .6 per cent read the *CR Bulletin*, meaning 2.5 million spending units, all told.

Closely related to the amount of shopping around indulged in are the number of sources considered as bases for decision-making. The corollary assumption was that subscribing and consulting households which make a practice of shopping thoroughly and extensively would try to gather information from as many different sources as possible, so that all of the factors might be weighed and cross-checked. It was found, as anticipated, that these households do consider more different kinds of factors than do the nonsubscribing and nonconsulting households. All in all, the subscribers and consultants are more "communication-oriented" and more information-seeking than are the nonsubscribers and nonconsulters.

Educational Level

Since the seeking of information and the disposition to indulge in problem-solving behavior is stronger in the report-reading households, it was assumed that such activity is evidence of a higher degree of intelligence, on the whole, than would be found in households at large. It was shown by the survey that the heads of subscribing and consulting households had attained educational levels above the average for those of the nonsubscribing and nonconsulting households. The better-educated thus indicate a desire for expert counseling in their efforts towards increasing their standards of living.

Income

High incomes have usually been related to education. As expected, the reading households were found to have total incomes, on the average, higher than those of nonreading families; the subscribers exceeded the consultants in the income bracket above \$10,000 while the consultants predominated in the \$5,500 to \$10,000 range, leading to the conclusion that the consultants included many families who were in a heavy purchasing phase but for some reason did not see fit to subscribe.

Occupational Patterns

These findings about family income, coupled with the findings on education, substantiating previous findings about the audiences of the consumer publications, gave rise to the inference that the heads of subscribing and consulting households in this six-state sample would follow the same occupational patterns as CU had established through its recent annual questionnaire to subscribers—a heavy representation of the professional and technical occupations among its readers.

Age

The profile of the CU and CR readers was further delineated. For several reasons it was assumed that, on the average, the heads of households who refer to the reports would be younger than those who do not. In the first place, the period of household formation is that time in the life cycle when durable goods are bought in greater quantity than at any other time. In the second place, the acceptance of the reporting services as a guide to purchase-

decisions would presumably be greater among younger persons, especially those who had attended school or college after the inauguration of the reporting services, which would mean during or since the nineteen-thirties. The hypothesis was substantiated.

The CU vs. the CR Household

A comparison of the CU households with the CR households revealed that they are fairly similar in their buying behavior, socioeconomic characteristics, and opinions about the service they subscribe to or consult. In their shopping habits and in their information-seeking before purchase, the followers of the two publications are very similar; likewise, they are much alike in regard to income and age. A somewhat higher level of educational attainment has been achieved by the heads of CR households than by the heads of CU households. In their opinions about the helpfulness and reliability of the services the CU subscribers seemed slightly more favorable than did the CR subscribers. This finding led to the observation that the lower degree of approval might be related to the fact that there were many more CR subscribers who had received the publication "under 3 years" and that there were not as many who had taken the *Bulletin* for five years or more.

Profile of Readers

The composite profile of the readers of the reporting publications, then, might be summarized as follows: These households are good shoppers, on the whole, apparently more alert and aggressive in their consumption decisions than most American households. They are above average in their income and educational attainments. Whether they live on farms, in cities, or elsewhere they are anxious to improve their expertness in spending. On the average, they are young households, at that point in the life cycle at which much purchasing, particularly of durable goods, is going on. They are fairly objective in their decision, using the reports as one source of buying information and weighing the ratings and recommendations against their own experiences and the opinions of others, sometimes rejecting the recommendations if local conditions and price opportunities dictate otherwise. They are, in short, an intelligent and discerning group of consumers.

FINDINGS AS THEY RELATE TO MARKET CONDITIONS AND COMMUNICATIONS THEORY

What do the findings noted above mean when viewed against the general character of the American consumer market of the fifties and in relation to communications theory?

First, the tremendous growth of these publications attests not only to the eagerness of Americans to consume but also to their desire, in constantly in-

creasing numbers, to consume expertly in this era of great market complexity. While indigenous Yankee thrift still manifests itself (as is evidenced by the number of respondents, particularly in the under \$10,000 income level, who consider price as a factor of decision), one sees evidence that what the majority of the report-reading consumers wants is accurate information about brands. The emphasis has shifted—perhaps further than the editorial staffs of the publications realize—from budgeting and thrift motivations on the part of their readers to the desire to spend for those commodities which will bring maximum enjoyment in this new leisure-oriented society.

The growth of the great mass middle market (composed of families with incomes of \$5,000 to \$10,000) is reflected in the findings about the CU and CR audiences. With the majority of their readers falling into this "new American market," the propensity to spend is great and the discretionary income considerable.

What are the implications for communications theory seen in the findings of this study? First of all, one sees evidence of recognizable effects exerted on their audiences by these publications. In view of the gradual and almost imperceptible working of the communications process it is remarkable, indeed, that such measurable results as those reported in this study should have been discovered. Apparently these publications are a *trusted source* of product information meeting fairly well the needs of those who consult them.

This study recognizes the number of variables which go into the complex problem of *effect*. Education has been emphasized as one of the most important of these. It has been established in communications research that the more highly-educated persons rely more heavily on the serious types of mass communications (books, magazines, and newspapers) in contrast to the less serious content of the broadcast media, which are more entertaining and less instructional. Likewise, the better-educated person is more likely to expose himself to *many* forms of mass and interpersonal communication. It appears to the writer that the audiences of CU and CR reflect those "communications habits" in regard to information-seeking for purposes of consumption. Another established principle in communication theory is that the higher his educational level, the more likely the person is to be influenced by a two-sided rather than a one-sided presentation of facts. The above-average education level of subscribing and consulting households can thus be the reason for the seeking of several sources of information and the unwillingness to accept any one source as "gospel truth."

The author sees in the findings of this study, then, some rather interesting implications for communications theory, particularly those dealing with mass audiences.

In "The Management Forum" of the April 1960 Economic Review, Dr. McMahon's subject was "Executives are Grown—Not Made." He stressed the fact that there must be a shift in emphasis as an individual grows into the executive level—no longer is his primary satisfaction derived from his own production, but his accomplishment is measured in terms of the enthusiasm, learning, and performance of his subordinates.

Essentials in Executive Growth

Ottis K. McMahon

As an individual grows in executive leadership, many shifts in attitudes and emphasis must take place. An interpretation of these changes from being selfish to selfless would be an erroneous and dangerous oversimplification. The difference is that with executive responsibility a person is no longer judged primarily on the basis of what he himself accomplishes but rather is judged on the basis of what happens to those under this supervision; and the individual who is strongly motivated by self-interest should rather quickly recognize that if he is to achieve his potential he must look carefully at his habits in order to make the necessary changes.

Self-Analysis. Often when a man sits down and discusses himself for two or three hours, this may be the first time in his life that he has attempted to make a systematic survey of his own habits. He apparently is so busy living and working that he rarely, if ever, takes time to ask the fundamental questions of how he does things and why he behaves as he does.

What is the point of surveying one's own habits? Well-known principles of learning have pointed out the sorts of conditions which must be obtained if new learning or habit reformation is to occur. Some of these basic principles indicate that the first condition is the desire to learn or the desire to change. The second condition must be a willingness to experiment with one's own behavior, a willingness to try to do and feel things differently than in the past, and a willingness to practice those feelings and actions and modes of thought which pay off until they become habitual.

An equally important condition of such learning is the knowledge of the particular habits a person wants to change and what particular habits he wants to form. The setting of personal development goals is as important as the setting of production goals, work goals, and social goals. It is because of this that self-analysis with all its limitations is an indispensable tool. People behave as they do because

that behavior satisfies real needs. The problem of executive development is fundamentally the problem of the individual's finding ways to satisfy the same needs but through modes of thinking, feeling, and acting which also pay off in executive performance.

When the basic conditions mentioned above are met, habit reformation is not difficult. It will be noted that the responsibility for executive development is on the shoulders of the individual who is striving to become an executive and striving to broaden his executive skills. Unless the responsibility is clearly placed there, there is nothing that any coach can do to develop that individual. Once the individual himself is striving in the manner outlined, there is little that any boss can do to keep him from developing.

The general concept of who can manage is one of the major concerns of this generation. Programs of selection and training for management cannot be elaborated until some of the factors which are essential in persons who are to prepare for management as a profession can be isolated. Medicine, law, and similar professions floundered in their early years trying to establish criteria for selection and education of men who would be successful in their respective fields. Similarly, in management, although there has been much thinking and research, there is just now emerging the criteria by which individuals can be evaluated for management potential.

Intellectual Competence. In the appraisal of an individual's psychological qualifications for an executive role, one of the critical areas is his intellectual effectiveness or intellectual competence. Decisiveness is a part of this area. Successful top executives have the mental guts to make decisions and make them stick. The boss who talks over his problems with his people and gets their angle on the issues is doing a lot to win their cooperation. But he can't rest on that, and he can't make them decide on the answer, as some do. He is the one to decide.

If he doesn't, no one else will. Experience has shown that about the quickest way to build up tension and uncertainty in a subordinate is to put him under a man who can't make up his mind.

Emotional Stability. Another critical area in the psychological make-up of an executive is his emotional stability and control. An important item under this heading is his consistency—that is, does he behave in a consistent manner from day to day? The executive who is flighty—who fires people one day and rehires them the next, who talks of expansion one day and retrenchment the next—confuses his staff, lowers their morale, and fails to win their confidence. Wide gyrations of mood, manner, and action keep a management team in constant uproar and make it impossible in fact to have a team. But consistency has to be right. The hard-boiled, tough-talking executive, trying to offset his feeling of insecurity by overexerting his authority, may be consistent; but he has as withering an effect on his men as does an indecisive one.

Another element that goes into emotional stability is the desire to keep personal feelings out of decisions. In many instances executives become emotionally attached to certain ideas or departments and tend to think with their arteries instead of their brains when dealing with them.

Perception in Human Relations. Another basic executive quality is skill in human relations. One principle of understanding important in this area is that an executive's behavior is extremely contagious. He sets the style for the company even more than most people think. His people watch him closely all the time. What he does, they do or assume that it is all right for them to do. If the head of an organization is tough with his men, they will be tough with theirs—only more so. If he is open to suggestions, they will be, too. Whether he is autocratic or democratic; arbitrary or open-minded; makes hasty, vague decisions or firm, well-thought-out ones; the people in his organization will follow the same line.

One of the most critical areas in an executive's psychological make-up is his insight—his ability to understand himself, his own strengths and weaknesses, as well as knowing why other people act and feel as they do. He understands his frustrations, blind spots, motives, and goals. Sensitiveness to people—simple awareness of others—is the key element of insight. This is largely a matter of seeing the other person's point of view and understanding his feelings, motives, and reactions.

Ability to Delegate Authority. Still another basic executive quality, the ability to organize and direct, is made up mostly of the ability to delegate effectively. Is it in such a manner that the subordinate knows what is expected and how far he can go? There is no delegation if the individuals says, "I would really like to have Bill or Harry do some of

this work but they haven't been around as long as I have and don't know the job as well as I do, so I just do it myself to be certain that it is done right." Such individuals can usually be stimulated to examine such an attitude by raising the question of what would happen if they should be hit by a truck on the way home from work. After all, aren't they kidding themselves by assuming that others are not intelligent enough to learn the things they know. Babe Ruth didn't get a hit every time he went to bat.

A Deep Concern for Others. One of the most difficult rungs to reach in the ladder of professional management is the ability to detach oneself more and more from operations and to apply oneself more and more to the development and growth of individuals. Out of confused organization the manager must bring clear lines of responsibility, with individuals assigned to those responsibilities. His role is one of power *with* people, not power *over* people.

The most effective executive is the one who is deeply and continually conscious of those who work for him. His job is to help them as individuals develop to their fullest potential. This means that the effective executive is always thinking in terms of the strengths and the weaknesses, the problems and the successes of his people individually.

If an executive is to cause those who work for him to produce more than they will produce for anybody else, he must give a lot of himself. He has to worry for them and with them. He must guide, teach, stimulate, and inspire. He must literally devote his life to the interests and welfare of others so that they will respond in a way that will assure attainment of the goals of his leadership. There are teachers who are cold, mechanical, and indifferent to their students. They give nothing but information. Such teachers certainly do not motivate and inspire; they are seldom remembered. Then there are the great teachers who give and give and give of themselves so that the lives and the characters of their students may receive benefits beyond mere knowledge. There are cold, meticulous physicians who take on one case after another without any interest in the personalities they are serving. They treat only the bodies of their patients. There are other physicians who give so much of themselves that the psychological and morale benefits to their patients are greater than the strictly physiological. Similarly, there are executives who are on the job from morning to night, going about their tasks coldly and efficiently without concern for individual human beings as such. They give nothing but time and brains. They are neither the great executives not even the more effective ones. It is those executives in whom the human equation is strong, who give of their hearts and souls and who are deeply concerned for and interested in others, who attain the greatest results.

THE SOUTHEASTERN CORNER

TRENDS IN REGIONAL AND STATE INCOME DIFFERENTIALS

There is always interest among businessmen, government officials, professional economists, and ordinary responsible citizens in the progress of economic development in their state, region, or country. To government officials great strides in development imply a certain success on their part, that their efforts have been well directed. To businessmen a high and increasing level of development means large and expanding markets for their products; and for the responsible citizen, whatever his professional capacity, it means a more affluent society in which to live.

Since the primary concern with respect to economic development is the level of living for the people of an area, perhaps the best way of judging the relative progress of development of that area



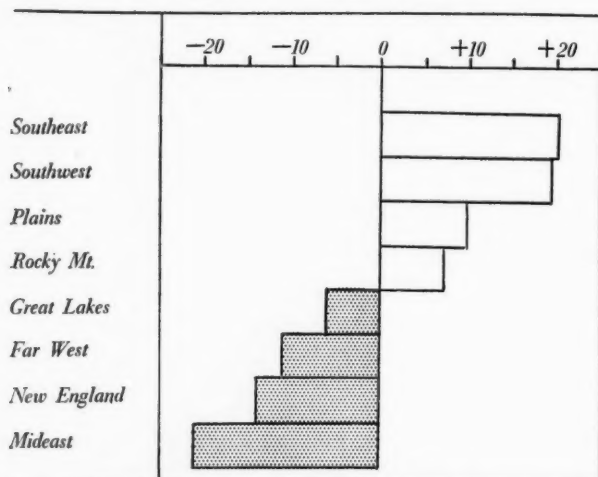
is through comparisons of levels and rates of growth of per capita income in that and other areas.

Figure 1 and Tables 1 and 2 are presented to give at a glance a picture of the levels and trends of income per person living in the Southeast relative to other regions of the nation. The data in Figure 1 indicate that while the southeastern states have succeeded in obtaining increased incomes per person relative to the national average between 1929 and 1959, four other major regions have experienced declines. That is to say, while per capita income increased in all regions of the United States during this period it increased at a somewhat faster rate, as indicated in Table 1, in the Southeast than in any other major region.

Of course, the level of income per person is still lower in the Southeast than in any other region. Furthermore, a large part—perhaps most—of the increase which has taken place here is directly attributable to the general economic growth of the nation as a whole. However, it is important to note that there has been substantial progress toward narrowing the regional income differentials that exist, at least in terms of per cent of the national average.

One should not overlook the fact, however, that while the southern states have gained very substantially in percentage terms, the regional income differentials for the Southeast in terms of absolute dollars were, as indicated in Table 1, larger in 1959 than in 1929. For example, per capita income in the Southeast increased from about 52.3 per cent of the national average in 1929 to 72.3 per cent in 1959. At the same time the absolute dollar difference between per capita income in the Southeast and the national average increased from \$335 in 1929

Figure 1
Percentage Point Change, Relative to U.S. Average,
in Per Capita Personal Income in Eight Major U.S.
Regions, 1929 to 1959



Source: Basic data from United States Department of Commerce, *Personal Income by States since 1929* (Washington: U. S. Government Printing Office, 1956), and *Survey of Current Business*, August 1960.

to \$601 in 1959. That is, while the differential was reduced by 20 percentage points it was, at the same time, increased by \$266.

Yet, while the dollar differentials between regions have been widening, southern people are now both relatively and absolutely better off than they were in 1929. Hence, progress has been made, though perhaps not to the extent that is desirable. Table 2 indicates the levels and changes in per capita income of eight southeastern states. Apparently, with few exceptions, these states have maintained approximately the same relation to one another as existed in 1929. All southeastern states still have per capita incomes substantially below the national average.

It is almost axiomatic that areas already highly developed will attract further investments and expansions in preference to less developed areas. This is purely a matter of economics. Hence, the mere fact that the South has gained, rather than lost, relative to the nation perhaps should give rise to optimism. The South has continued to have one distinct advantage over most other areas, which probably has contributed at least as much as anything else to the rapid increase in manufacturing which it has experienced in recent years. That is its abundance of labor supply (particularly unskilled and semiskilled) relative to demand. Hence, earnings rates are generally lower than in other regions.

Table 1
Per Capita Personal Income in the
United States and Eight Major Regions,
Absolute Increase and Per Cent Increase,
1929 and 1959

AREA	Per Capita Personal Income (dollars)		Increase	
	1929	1959	(dollars)	Per Cent
United States	703	2166	1463	208.1
Far West	910	2565	1655	181.9
Mid-East	973	2540	1567	161.0
New England	876	2396	1520	173.5
Great Lakes	803	2337	1534	191.0
Rocky Mountain	596	1990	1394	233.9
Plains	572	1978	1406	245.8
Southwest	474	1887	1413	298.1
Southeast	368	1565	1197	325.3

Source: Same as Figure 1.

Barring unforeseen resource discoveries or population shifts, however, the South cannot reasonably expect rapidly to obtain incomes closely approaching the national average. As industrialization proceeds to the point that excess labor is absorbed and wage costs rise enough, relative to comparable labor elsewhere, to close the cost gap between the South and other areas, the rapid increases in industrialization which have been experienced can be expected to level off.

Professor Frank Hanna of Duke University, who has recently completed an exhaustive study of state income differentials, has drawn several important

conclusions with regard to the determinants of such differentials. He has concluded that in large part the existing differentials can be accounted for chiefly by the differentials in (1) occupational composition, (2) industrial composition, and (3) age composition of the population.

Table 2
Per Capita Personal Income in the
Southeast and Eight Southeastern States,
Absolute Increase and Per Cent Increase,
1929 and 1959

AREA	Per Capita Personal Income (dollars)		Increase	
	1929	1959	(dollars)	Per Cent
Southeast	368	1565	1197	325.3
Florida	521	1980	1459	280.0
Louisiana	415	1575	1160	279.5
Georgia	350	1553	1203	343.7
Tennessee	377	1521	1144	303.4
North Carolina	334	1485	1151	344.6
Alabama	324	1409	1085	334.9
South Carolina	270	1332	1062	393.3
Mississippi	285	1162	877	307.7

Source: Same as Figure 1.

In the South there is a relatively large concentration of workers in low-wage occupations and industries, the chief of which is agriculture. Furthermore, the age composition of the southern population has been aptly described as like an hourglass. There are relatively large concentrations of people in older and in the very young age groups. There are relatively fewer people in the productive age groups at the middle of the age scale. Hence, a smaller proportion of the population (relative to other regions) working at lower earnings rates must support the whole population of the region. These and many other factors are bound up in the low-income problem of the South. Perhaps, however, by creative imagination, new resources can be developed, or new uses for old resources, which will lead to new locational advantages in the South. Perhaps also, by population shifts and reduced birth rates, the South's population surplus may be brought in line with employment opportunities.

In the meantime it is not unreasonable to expect continued gains in the level of per capita incomes, both absolutely and relatively, for a long time to come as people move from industries and occupations offering the meagerest returns (chiefly farming and unskilled trades) to other more remunerative types of employment, and as the recently industrialized labor force gains in skills that can be learned only through industrial employment. Furthermore, as southern incomes rise, southern markets will expand, which may lead to sufficiently increased momentum in the process of industrialization to overcome the likely eventual shortages of labor supply and increased wage costs.

Roger L. Burford

August 1960

ATLANTA AREA ECONOMIC INDICATORS

ITEM	August 1960	July 1960	% Change	August 1959	% Change	% Change 8 months '60 over 8 months '59
EMPLOYMENT						
Job Insurance (Unemployment) Payments -----	\$486,806	\$403,989	+20.5	\$346,205	+40.6	-0.7
Job Insurance Claimants -----	8,608	8,560	+0.6	5,484	+57.0	+6.0*
Total Non-Ag. Employment -----	362,250	360,000r	+0.6	357,200	+1.4	+2.3*
Manufacturing Employment -----	83,950	83,050r	+1.1	85,900	-2.3	-0.5*
Average Weekly Earnings, Factory Workers -----	\$79.36	\$82.41r	-3.7	\$81.41	-2.5	-0.7*
Average Weekly Hours, Factory Workers -----	38.9	40.4r	-3.7	40.3	-3.5	-3.3*
Index of Help Wanted Ads (Seasonally adjusted, 1947-49 Avg.=100) -----	112.4	143.4	-21.6	199.6	-43.7	-7.9
CONSTRUCTION						
Number of Building Permits§ -----	696	673	+3.4	738	-5.7	-5.7
Value of Building Permits§ -----	\$6,850,374	\$5,268,775	+30.0	\$13,044,402	-47.5	-31.6
Employees -----	21,800	21,500r	+1.4	25,900	-15.8	-9.4*
FINANCIAL^Δ						
Bank Debits (Millions) -----	\$2,209.8	\$2,018.8	+9.4	\$1,990,180	+11.0	+6.5
Bank Deposits (Millions) -----	\$1,344.7	\$1,289.0	+4.3	\$1,269.7	+5.9	+2.2*
OTHER						
Department Store Sales Index -----	165	174r	-5.2	175r	-5.7	+4.0†
Retail Food Price Index -----	118.1	117.6	+0.4	116.4	+1.4	+0.2**
Number Telephones in Service ---	375,859	373,680	+0.6	337,769	+11.3	+8.6**

r—Revised

§City of Atlanta only.

*Average month

N. A.—Not Available

**End of period

†—Based on retail dollar amounts

ΔData from members of the Federal Reserve System only.

Sources: All data on employment, unemployment, hours, and earnings: Employment Security Agency, Georgia Department of Labor; Number Help Wanted Ads: Atlanta Newspapers, Inc.; Building permits data: Office of the Building Inspector, Atlanta Georgia; Financial data: Board of Governors, Federal Reserve System; Retail Food Price Index: U. S. Department of Labor; Department Store Sales Index: Federal Reserve Bank of Atlanta and Board of Governors, Federal Reserve System; Telephones in Service: Southern Bell Telephone and Telegraph Company.

ATLANTA BUSINESS ACTIVITY

Since the second quarter of this year employment indicators have presented an over-all discouraging picture of conditions in the Standard Metropolitan Area. Total *nonagricultural employment*, after reaching a year's high in April of 363,100 workers, began drifting downward through May, June, and July, reaching a low of 360,000. *Employment in manufacturing* started off the year with a fairly healthy 86,350 jobs and then declined in every one of the following six months, showing an over-all loss of 2,400 jobs since January. *Employment in construction* has been equally disappointing. Every month of 1960 has been below the same month of 1959, and the eight months total of jobs is running about 9 per cent below the first eight months of 1959.

Some of these declines are, of course, seasonal, but there is no escaping the fact that *manufacturing employment* in the Atlanta area has shown a definite shrinkage in the past few years. For example, despite the addition of Gwinnett County to the Standard Metropolitan Area in January 1959, manufacturing employment has averaged only 85,100 in 1960 as compared with 87,400 in 1955, 88,600 in 1956, and 86,400 in 1957.

August figures seem to have brought some cheer to this hitherto disappointing year. *Total non-agricultural employment* turned upward for the first time since April, gaining 2,250 jobs, while manufacturing employment and *construction employment* also showed mild, though encouraging, increases.

Average weekly earnings of factory workers dropped nearly 4 per cent from July to their lowest point since March. *Average weekly hours of factory workers* likewise dipped about 4 per cent to their lowest point since February of this year. Atlanta factory workers in 1960 are working 3 per cent less hours than last year.

Judging from the *index of help wanted ads*, there appears to be a slackening demand for labor in the Atlanta area. This index reached a peak in August of last year, turned down, and has been dropping sharply ever since. The present index of 112.4 represents the lowest point since May 1958. The index dropped 22 per cent from July to August, making the total number of ads for the first eight months of 1960 some 8 per cent below the same period last year.

Expected construction activity, as measured by the *number and value of building permits* in the city of Atlanta, showed a good monthly gain from July to August. However these series fluctuate so from month to month that the monthly changes have little meaning. A better measure is seen in the comparison of eight months totals. The value of permits is off nearly a third from last year and the number of permits is down about 6 per cent. This over-all construction decline is also reflected in residential starts. In the first six months of 1960 there were 120 less starts than in the same period of 1959.

Bank debits, usually a good indicator of spending, reached a high for the year and also set an all-time record for this month of the year. This is another series which fluctuates considerably from month to month, and thus the eight months totals are more revealing. Here it is seen that the eight months total for 1960 represents an all-time record, being about 7 per cent above the previous record year of 1959.

In view of the declining *average weekly wages of factory workers*, it is fortunate that the *retail food price index* in Atlanta is recording only slight over-the-month gains and stands only 0.2 per cent over last year.

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Dr. Ehlers is Professor of Marketing, School of Business Administration, Georgia State College of Business Administration.

BULLETIN NUMBER 9

STUDIES IN BUSINESS AND ECONOMICS

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... George J. Malanos
Henry Thomassen

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The purpose of this study, as stated by the authors, is: "To construct a system of equations which will predict as much as one year in advance, and with a precision that is acceptable for policy-making, the quarterly magnitudes of American aggregate employment and gross national product." In their conclusions the authors signified that, for the 1947-57 period and in the absence of a Juglar cycle, it was their "concerted opinion that the chief cyclical variation has originated with the spending upon consumers' durables."

For copies of the studies named above, send requests to the Bureau of Business and Economic Research, School of Business Administration of Georgia State College of Business Administration, 33 Gilmer Street, S. E., Atlanta 3, Georgia.

The authors are on the faculty of the School of Business Administration of Georgia State College of Business Administration. Dr. Malanos is Professor of Economics and Chairman of the Department of Economics, Finance and Statistics. Dr. Thomassen is Associate Professor of Economics.

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... Robert K. Brown

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Dr. Brown is the Ben J. Massel Professor of Real Estate, School of Business Administration, Georgia State College of Business Administration.

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Compiled under the direction of J. H. Lemly, Professor of Transportation and Public Utilities, School of Business Administration of Georgia State College of Business Administration.